



Department of Energy

Bonneville Power Administration
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Via Electronic Submission: <https://www.arb.ca.gov/lispub/comm/bclist.php>

Clerk of the Board
California Air Resources Board
1001 I Street
Sacramento, CA 95812

Dear Chairwoman Nichols and Members of the Air Resources Board:

The Bonneville Power Administration (BPA) appreciates the opportunity to comment on the September 4, 2018 proposed amendments to the California Air Resource Board's (CARB) Mandatory Greenhouse Gas Reporting Regulation (MRR) and Cap and Trade Regulation. BPA's comments are largely limited in scope to the proposed amendments pertaining to the accounting for greenhouse gas (GHG) emissions associated with electricity imported through the Western Energy Imbalance Market (EIM) operated by the California Independent System Operator (CAISO).

BPA is a federal power marketing administration that markets wholesale power from the Federal Columbia River Power System, which consists of 31 federal hydroelectric projects, one nuclear plant, and some other small nonfederal power plants. BPA also owns and operates about three-fourths of the Pacific Northwest's high-voltage transmission system and has interregional transmission lines connecting to California. BPA is statutorily-required to serve over 130 preference customers and transacts in the wholesale power market and CAISO markets. BPA is registered with CARB as an Asset Controlling Supplier (ACS) and BPA supplies power to Surprise Valley Electrification Corp., a BPA preference customer with load in California. BPA is currently reviewing participation in the Western EIM, and many of BPA's preference customers reside within the EIM footprint.

The recently-proposed amendments to California's MRR and Cap and Trade Regulation propose new reporting and compliance obligations on EIM purchasers in order to better account for the carbon content of EIM imports into California. BPA continues to be supportive of accurate and equitable GHG accounting. **However, without further clarification from CARB, these recently-proposed amendments will result in inaccuracies for an ACS entity such as BPA because the emissions attributable to EIM imports into the ACS system will be first**

accounted for in the ACS emissions factor and then again accounted for by the EIM purchaser.

As an ACS entity, any emissions attributable to secondary dispatch imports into BPA's system are already accounted for in BPA's ACS assigned emissions factor. Specifically as it relates to the EIM, BPA's understanding is that if BPA opts to participate in the EIM then EIM imports to BPA's system will be assigned CARB's default unspecified emissions factor and be accounted for in BPA's ACS system emissions factor. Given that BPA sells surplus power from its system as a whole, BPA expects it will need to assign its ACS system emissions factor to sales in the EIM even if those sales are traceable to a particular generator. **This creates a problem where emissions attributable to EIM dispatch would be accounted for twice: (1) by BPA in the ACS emissions factor, and (2) by the EIM purchaser through CARB's proposed application of the default unspecified emissions factor to the EIM import into California.**

BPA encourages CARB to continue to work with the CAISO on a long-term solution to accurately account for the emissions associated with EIM imports to California. In the meantime, BPA urges CARB to make further clarifications to the proposed amendments to ensure they do not result in double-counting of emissions attributable to secondary dispatch in the EIM for an ACS.

Finally, BPA would like to express support for CARB's proposed amendment to § 95892(b)(2) of the Cap and Trade Regulation. This amendment would allow for the direct placement of allocated allowances in the compliance accounts of electric power entities such as federal power marketing administrations. As mentioned above, BPA has a long-term power sales contract to supply power to Surprise Valley Electrification Corp., a preference customer which BPA is statutorily-required to serve. BPA believes this amendment would improve the current process of transferring allowances between BPA and Surprise Valley Electrification Corp. by reducing the administrative workload for compliance reporting and the potential for errors. BPA does request, however, that CARB correct the language of the amendment to reflect the correct title of BPA and WAPA, which are power marketing administrations. Specifically, in § 95892(b)(2), the words "federal power authority" should be changed to "federal power marketing administration."

Please contact me if you have questions or need further clarification regarding BPA's comments.

Sincerely,



Suzanne B. Cooper
Vice President, Bulk Marketing